



Panhandle Pipe Line Companies

An International Energy Company

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Dockets Facility
U.S. Department of Transportation
Room PL-401
400 Seventh Street SW
Washington DC 20590-000 1

RE: [Docket No. RSPA-99-6355; Notice 1}
Pipeline Safety: Enhance Safety and Environmental Protection for
Gas Transmission and Hazardous Liquid Pipelines in
High Consequence Areas

Enclosed are comments by Panhandle Eastern Pipeline Company and Trunkline Gas Company, which are pipeline subsidiaries of CMS Energy. Panhandle Eastern Pipeline Company and Trunkline Gas Company operate an extensive interstate natural gas transmission system which receives gas from the production areas of the Midwest and Gulf Coast for transportation and sale to the upper Midwest of the United States. The operation of this Pipeline system is subject to the requirements of Title 49 Code of Federal Regulation Parts 190, 191, 192, 193 and 199.

On November 18, 1999 INGAA made a presentation at the Public Meeting, reference as above. The purpose of this meeting was to "consider the need for additional safety and environmental regulation for gas transmission lines and hazardous liquid pipelines in high-density population areas, waters where a substantial likelihood of commercial navigation exists, and areas unusually sensitive to environmental damage." INGAA concluded its comments as follows:

- Natural gas is needed in increasing quantity
- INGAA members don't rest on their excellent safety record
- Pipelines have not effectively communicated with the public on pipeline their pipeline safety record
- Most of the issues raised in the meeting notice are addressed in current gas pipeline safety regulations
- Measurable safety improvements will not be realized as a result of the proposed integrity plan review
- Current initiatives to share additional information have not yet realized their potential

- One thing learned from these initiatives is that there is no “silver bullet”
- Additional regulations must pass risk assessment/cost benefit tests to avoid diffusing resources

INGAA went on to recommend the following:

- OPS and state pipeline safety agencies should communicate to the public their present inspection process as well as the new initiatives
- The present joint initiatives should be completed, documented and successes integrated into the regulatory structure
- A joint public safety education effort should be established

INGAA based these conclusions and recommendations on several factors including the fact that no public fatalities on Interstate Natural Gas Transmission Pipelines in assumed high consequence areas has occurred since 1989; that public property damage is a fraction of reported value; and that based on INGAA’s review, none of the incidents reported in the 93-98 timeframe in assumed high consequence areas would have been prevented by pigging or hydrostatic testing. INGAA believes that this excellent safety record in these high consequence areas has been achieved largely due to the fact that the present pipeline safety regulations require many additional actions, including a form of integrity management with resultant testing, pressure reduction or pipe replacement options.

Panhandle Eastern Pipeline Company and Trunkline Gas Company believe that a mandatory-testing rule requiring smart pigging and/or hydrostatic testing in high consequence areas will not significantly improve pipeline safety. Such a prescriptive rule has the potential to divert necessary resources away from areas where both probability and consequence are considered. Panhandle Eastern Pipeline and Trunkline Gas Company believe that smart pigging and hydrostatic testing are just two of the many available options in a Pipeline Integrity Program. The use of any mitigation or surveillance program is better determined based upon an extensive evaluation of all the possible choices rather than a prescriptive rule. A thorough evaluation and application, using all tools available will help ensure an increase in Public Safety.

Panhandle Eastern Pipeline Company and Trunkline Gas Company are currently applying integrity management principals to their pipelines and the protection of high consequence areas is an important aspect of the integrity model. Panhandle Eastern Pipeline Company and Trunkline Gas Company believes that the Safety Record of the Industry demonstrates that no additional Regulations are required. However, they do support the use of a pipeline integrity rule if it includes provisions to allow alternatives to current prescriptive regulations. They believe that without the addition of the cost savings from the incorporation of the alternatives, that the costs of the additional regulations will far exceed any benefit and the Regulation will fail the cost benefit test.

Any rule should be performance oriented and describe in performance language the expected goals of an integrity management plan. Panhandle Eastern Pipeline Company and Trunkline Gas Company believes that the rule should reference an industry standard, to be jointly developed by the Gas Pipeline Industry along with OPS and other stakeholders. The standard would provide guidance for developing a company specific integrity management plan, which meets the intent of both the standard and the regulation. The standard would include a definition of high consequence areas (HCA). This definition would consider existing class location parameters and additional consequence parameters such as environmental. The standard would provide flexibility for the operator to address the unique situation for each operation and facility. The standard would not mandate testing but rather mandate the gathering and integration of information and data in order to assess the integrity of those pipeline segments in a HCA. Where sufficient information and data are not available, testing or inspection would be required, to the degree necessary to make the required assessment.

In the development of the standard and the performance-based regulation, all consequence driven regulations would be extracted from the regulations and covered in the standard. This would provide for a comprehensive handling of the consequence factors, as they would apply to necessary actions. With a more comprehensive approach, the operator would select the most appropriate methodologies for dealing with consequence driven criteria, and implement them. Depending on the specific situation, the operators choices may include pipe replacement, lowering of operating pressure, smart pigging, hydrostatic testing, doing nothing, etc., ensuring appropriate remedial action is taken.

It may also be advisable for OPS to provide a dual approach either in the integrity standard or in the regulations to provide a testing alternative. It may be simpler and more expeditious for some companies to perform testing rather than develop comprehensive integrity plans. OPS could provide for this contingency by incorporating the testing option into the standard. This option would allow for a single regulation that is performance based, where the standard provides the necessary flexibility.

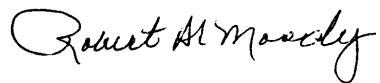
Time will be necessary to accommodate the operators who do not have pipeline integrity plans and to allow those who do to modify their plans to conform to an Industry Standard. Panhandle Eastern Pipeline Company and Trunkline Gas Company recommend that OPS consider a phased approach similar to the Operator Qualification rule where companies are given 2-3 years to develop a plan and an additional 2-3 years to implement their plan. The plan itself may require several years beyond the implementation deadline to fully complete given costs, priorities, risk assessment and other factors.

Panhandle Eastern Pipeline and Trunkline Gas Company are committed to working with OPS, the states and other stakeholders to immediately begin the development of a standard and additions to and modifications of the pipeline safety regulations. We recommend a “best practices” approach along the lines of our extremely successful joint development of a “risk management standard”. INGAA along with the Gas Research Institute can gather and package for the standards development team, the significant

amount of research and other studies that have been performed to date on this subject in order to help make this initiative both efficient and effective.

Panhandle Eastern Pipeline Company and Trunkline Gas Company are committed to improving pipeline safety but are against wasting resources in areas where safety can not be improved at the expense of other proven safety initiatives.

Sincerely,

A handwritten signature in black ink, reading "Robert H. Moody". The signature is written in a cursive style with a large, looping "R" and a distinct "H".

Robert Moody
Manager of Operations and Engineering

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